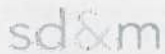


Kellie Martinec

From: Michaelle Peters <mpeters@scottdoug.com>
Sent: Monday, April 01, 2013 11:55 AM
To: rulescoordinator
Subject: O&G Docket No. 20-0277738 - Comments on Proposed Amendments to Statewide Rule 13
Attachments: Letter to Rules Coordinator 04.01.13.pdf

Attached is a letter from John Hicks.

If you have a problem opening the attachment, please let me know.



Michaelle A. Peters
Legal Secretary to Becky Miller,
Jane Webre, John Hicks & Sean Flammer
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**SCOTT, DOUGLASS
& McCONNICO, L.L.P.**
ATTORNEYS AT LAW

April 1, 2013

Via Email: rulescoordinator@rrc.state.tx.us

Rules Coordinator
Office of General Counsel
Railroad Commission of Texas
P.O. Box 12967
Austin, Texas 78711-2967

Re: Comments on Proposed Amendments to Statewide Rule 13

Dear Rules Coordinator:

Cabot Oil & Gas Corporation ("Cabot") submits the following comments to the Railroad Commission's proposed amendments to Statewide Rule 13 published in the Texas Register on February 15, 2013 ("Proposed Amendments").

Cabot appreciates the Commission Staff's public outreach to explain the goals of the Rule 13 amendments and to listen to the concerns of all stakeholders. The Proposed Amendments that resulted from the Staff's efforts are much improved over the proposal originally published in the Texas Register on September 7, 2012.

Cabot adopts TxOGA's Comments

Cabot adopts the comments and proposed changes submitted by TxOGA.

Cabot's additional Comments

In addition, Cabot submits the following comments and proposed changes:

1. "Potential flow zone" (a)(2)(N)

The phrase "subsurface water or other subsurface resources" is undefined and vague, creating the potential for overbroad interpretations by persons not involved in the development of this term. Cabot recommends replacing that phrase with the defined term, "usable quality groundwater."

Based on the hearing held on February 20, 2013, Cabot understands the Staff intends to publish the designated "potential flow zones" on the RRC website.

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2. "Zone with corrosive formation fluids" (a)(2)(O)

The proposed rule should specify that each "zone with corrosive formation fluids" is to be designated by the director and published to operators, just as in the case of the "potential flow zones."

Also, the rule should provide the process by which operators may add zones, or seek removal of zones, from the list of designated "potential flow zones" and "zones with corrosive formation fluids."

3. "Wellbore Diameters" (a)(3)

Cabot notes that the issue of wellbore diameters generated substantial concern and received a significant number of comments following the September 7, 2012 proposal. Cabot appreciates the Commission Staff's efforts to work with interested and affected parties to establish the appropriate requirements for wellbore diameters, as reflected now in the Proposed Amendments. This section requires no further changes.

4. Isolation of zones permitted for injection (a)(4)(C)

As discussed at the public hearing on February 20, 2013, Cabot understands that the requirement in (a)(4)(C) to isolate injection zones applies to zones currently permitted for injection, not to zones that were previously but no longer permitted. To make this clear, Cabot requests that the word "currently" be inserted in front of the word "permitted" in (a)(4)(C).

5. Measurement of cement above the top of the zone to be isolated (a)(4)(C), (a)(4)(D), (b)(2)(A)

Cabot supports the Proposed Amendments' incorporation of long-standing Commission practice to either calculate 600' of cement above the top of the zone or to measure it 250' above by temperature survey or 100' above by a cement evaluation tool.

Cabot disagrees with Mr. Treybig's recommendation on behalf of TMLA that the Commission delete the alternative of measuring the top of the cement it 250' above the zone by temperature survey or 100' above the zone by a cement evaluation tool for the following reasons. First, as noted in the preamble, these sections of the rule simply formalize long-standing Commission practice, and there is no evidence that this practice has led to problems. Second, as Mr. Treybig himself acknowledges, the creation of an effective seal is a complicated process involving many factors. While turbulent flow of the slurry might be "ideal," it is not always practical with API weight cements in large annuli, and or densified slurries for well control. When turbulent flow is not achievable, plug flow is best. Also, while Mr. Treybig places great emphasis on contact time, that is a factor used by engineers more for the spacer between mud and cement.

Cabot also disagrees with Mr. Teybig's proposed language that "all cement tops shall be verified through the performance of either a temperature survey or a cement evaluation log". If an operator designs and executes a properly engineered slurry and places a calculated 600' above the zone(s) to be isolated, then additional cement evaluation should be at the election of the operator and not a requirement.

6. "Additional requirements for wells on which hydraulic fracture stimulation will be conducted." (a)(7)

As discussed at the public hearing on February 20, 2013, the language of the test requirement under (a)(7)(B) should be revised to ensure that operators can perform the test at a pressure below the pressure that will cause a toe-initiation sleeve to actuate. At a minimum, the language should be revised to say that the test will be to "the maximum anticipated fracture treatment pressure" instead of the "maximum anticipated pressure." This is because the actual maximum anticipated pressure for that casing will be the pressure at which the sleeve will actuate.

Cabot understands that TxOGA is submitting language calling for casing with a pressure actuated sleeve or valve to be tested at 80% of the actuation pressure, and Cabot supports this language.

7. "Cement quality" (b)(1)(D)(iii)

Cabot notes that the free water requirement of more than two milliliters per 250 milliliters of cement for the zone of critical cement and of no more than six milliliters per 250 milliliters of cement for outside the zone of critical cement is in the section of the rule providing requirement for surface casing for land wells and bay wells. Cabot further notes that these requirements are not necessarily appropriate for production or intermediate casing, and has relied on Commission Staff acknowledgement that these requirements are found only in the section referring to surface casing.

8. Centralizers for production casing in land wells and bay wells (b)(3)(A)

As discussed at the hearing on February 20, 2013, Cabot understands that Commission Staff has agreed to change "additional centralization as necessary" to "centralization as necessary" in paragraph (b)(3)(A). This change is appropriate because the intent of the requirement—zonal isolation—is fully met without the term "additional," which only creates uncertainty regarding what it could mean.

Rules Coordinator
April 1, 2013
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Thanks to the Staff for their outstanding efforts to resolve the issues associated with these extensive amendments. Please do not hesitate to call or email if you have any questions regarding these comments and suggested changes.

Very truly yours,


John K. Hicks
Attorney for Cabot Oil & Gas Corporation

C: Kim Dillard
Flip Whitworth